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SERVICE DATE – SEPTEMBER 23, 2005

DO

FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34748]

Morehead & South Fork Railroad Co., Inc.—Acquisition and Operation Exemption—  
Carolina Rail Service, LLC

Morehead & South Fork Railroad Co., Inc. (MHSF), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to acquire from Carolina Rail Service, LLC (CRS), and operate CRS's exclusive freight easement over all railroad tracks at the Port of Morehead City, NC.<sup>1</sup> The tracks are owned by North Carolina State Ports Authority (SPA).<sup>2</sup> MHSF will operate over the rail property pursuant to an operating agreement with SPA.

This transaction is related to STB Finance Docket No. 34749, Gulf & Ohio Railways Holding Co., Inc., H. Peter Claussen and Linda C. Claussen—Continuance in Control Exemption—Morehead & South Fork Railroad Co., Inc., wherein Gulf & Ohio Railways Holding Co., Inc. (G&O), and H. Peter Claussen and Linda C. Claussen, all

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<sup>1</sup> The transaction includes approximately 0.87 miles of rail line in Carteret County, NC, from approximately milepost 0.0 (in or near Morehead City) to approximately milepost 0.87 at Gallants Channel (in or near Morehead City), serving the intermediate stations of Marsh Island and Radio Island, as well as all spur tracks, yard tracks, side tracks, interchange tracks and industrial tracks located on the Port. The transaction also includes approximately 4 miles of intra-terminal track.

<sup>2</sup> The Board previously determined that SPA's acquisition of the subject line did not require Board action and it declined to exercise jurisdiction over the transaction. See North Carolina State Ports Authority—Acquisition Exemption—North Carolina Ports Railway Commission, STB Finance Docket No. 34258 (STB served Oct. 31, 2002).

noncarriers, have concurrently filed a verified notice of exemption to continue in control of MHSF, upon its becoming a Class III rail carrier.<sup>3</sup>

MHSF certifies that the projected annual revenues as a result of this transaction will not result in the creation of a Class II or Class I rail carrier, and further certifies that its projected annual revenues will not exceed \$5 million. The transaction was scheduled to be consummated on or after September 1, 2005.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34748, must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Rose-Michele Nardi, Weiner Brodsky Sidman Kider PC, 1300 19th St., N.W., Fifth Floor, Washington, DC 20036-1609.

Board decisions and notices are available on our website at [WWW.STB.DOT.GOV](http://WWW.STB.DOT.GOV).

Decided: September 16, 2005.

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<sup>3</sup> MHSF is wholly owned by G&O, which controls several Class III rail carriers; G&O, in turn, is wholly owned by H. Peter Claussen and Linda C. Claussen. The Claussens also own and control H&S Railroad, Inc., a Class III rail carrier.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary